Improve Business Efficiency by Automating Intercompany Transactions

SAP Solution Brief
SAP Solutions for Small Businesses and
Midsize Companies
SAP Business One

Objectives

Solution

Benefits

Quick Facts

Improve Business Efficiency by Automating Intercompany Transactions

The Best-Run Businesses Run SAP™

Streamlined intercompany transactions and integration

For any company with multiple business units or subsidiaries, intercompany transactions and integration create operational complexity. Minimizing this complexity is critical when you need to consolidate financials across all operations for reporting, provide visibility into the sales performance of each business entity, or streamline intercompany procurement transactions.

Without automating and streamlining inter-company transactions and integration, such activities require painful manual reconciliation and aggregation. Businesses like yours that want to reduce the time and effort associated with processing intercompany transactions and complying with regulations implement the SAP® Business One application. You want to synchronize data such as item numbers and vendor names between systems, so your business entities share a common language when transacting with each other. You also want to reduce errors and increase productivity by eliminating the need to manually create intercompany transactions in multiple systems. For example, when one of your business entities creates a PO in its system to buy from another entity, that action should automatically create a sales order in the system of the selling entity. Finally, you want to make sure that financial consolidation and aggregate sales pipeline reporting are no

Intercompany integration solution for SAP Business One

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Master data replication and content sharing

Standardized, transparent business processes across business entities

Visibility into operations across business entities

Improved control and collaboration

The SAP Business One application, designed for small businesses and subsidiaries of large enterprises, lets you coordinate operations, increase visibility, and transform decision making in a cost-effective manner. The intercompany integration solution for SAP Business One allows you to streamline your intercompany consolidation and collaboration processes to reduce costly errors from manual efforts and increase employee productivity. This integration solution enables scenarios such as financial consolidation and intercompany procurement between two or more organizations running SAP Business One.

The key functionality of this intercompany integration solution includes:
- Master data replication and content sharing
- Support for standardized, transparent processes across business entities
- Financial and operational visibility across business entities
- Control and collaboration across business entities

Automate your intercompany consolidation and collaboration processes to maximize productivity and minimize errors.

Master data replication and content sharing

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Master data such as item numbers and vendor names should be in sync across all organizations, so the same data is used to describe the same part or vendor. This establishes a common language among business entities for intercompany transactions. It also provides a common frame of reference for analyzing the performance of a business unit, interpreting reports from two different subsidiaries, and gaining a consolidated view such as aggregate spend with a supplier or inventory holdings across all operations. Having common master data eliminates the manual effort associated with aggregating data across your organizations.

With the intercompany integration solution, you can be confident that all your business units are using consistent master data, including:
• Item name and key item attributes
• Vendor name and key supplier attributes
• Bill of materials
• Price list
• Certain custom, user-defined fields

Create a common language among your business entities for intercompany transactions such as procurement and invoicing.

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The intercompany integration solution automatically creates an intercompany transaction as a mirror transaction in the SAP Business One application of another business unit – and does so in a standardized and transparent manner. Consider a sales subsidiary that buys finished goods from a manufacturing plant. When the sales subsidiary creates a PO in its SAP Business One application, the solution automatically triggers the creation of a sales order transaction in the SAP Business One application of the manufacturing plant. The ability to automatically create a related transaction in the other application eliminates manual data entry, improves employee productivity, and reduces the potential for errors from rekeying data.

Some of the common processes supported by the intercompany integration solution include:
- **Intercompany trade:** Exchange of reciprocal documents such as POs, receipts, invoices, and credit memos
- **General ledger (GL) allocations:** Allocation of income and expenses across business entities by automatically creating balanced GL postings to intercompany accounts
- **Accounts payable (AP) service invoice allocation:** Allocations of expenses booked through AP service invoices across branch companies
- **Centralized payments:** Delegation of invoices for payment by another business by automatically creating balanced GL postings to intercompany accounts

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Operational visibility and risk management are key considerations for any business with multiple operational units. While the corporate controller needs an accurate and timely rollup of GL accounts for financial consolidation, supply chain managers need visibility into inventory balances at various storage locations across the organization, including those in other countries and subsidiaries.

The intercompany integration solution for SAP Business One helps you meet these requirements by providing:
• **Multilevel financial consolidation:** Streamline financial consolidation across multiple levels of your organizational hierarchy, and consolidate entities with different chart-of-account structures and currencies

• **Intercompany warehouse inventory report:** List planned and current inventory of all items in each organization, including foreign subsidiaries – providing in-stock, committed, ordered, and available quantities
• **Branch balances report:** Get a single view of all payables and receivables from trade between business units and subsidiaries
• **Consolidated sales analysis report:** View consolidated sales for each operating entity in a single report, so you know how products are selling across various regions
• **Unposted transactions report:** List all incoming intercompany documents that are not yet accepted and posted by the receiving subsidiary

Improved control and collaboration

Automation of intercompany business processes, as well as visibility into the operations of business units, is not enough. Each organization also needs control over activities that impact it from the time those activities originate in other business entities. The intercompany integration solution for SAP Business One enables control and collaboration by providing the following functionality:

- **Consolidated credit limit check:** Enable employees to restrict the creation of sales documents for customers and prompt a warning message based on the organization-wide consolidated credit limit and account balance

- **Intercompany workflow:** Allow a business entity to accept or reject incoming intercompany transactions, and notify the sending business unit of the resulting decision
- **Business transaction notifications:** Notify subsidiaries of intercompany transactions in real time with alert messages and e-mails – attaching the originating documents to the outgoing e-mail notification in cases of intercompany trade
- **Multicurrency and multi-instance support:** Support multiple entities (subsidiaries), each running their own instance of SAP Business One, including those using different currencies

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Why choose the intercompany integration solution?

Now you can automate your intercompany consolidation and collaboration processes with SAP Business One. Using its intercompany integration solution, you can consolidate, coordinate, and view activities across all business units that run SAP Business One without manually intensive reconciliation or duplicate data entry.

The intercompany integration solution delivers productivity-enhancing benefits to organizations that need to consolidate financials across operations for reporting, gain visibility into the sales performance of individual business entities, or streamline intercompany procurement transactions. By automating intercompany consolidation and collaboration, it reduces the time and effort associated with intercompany trans-actions – while eliminating costly errors resulting from manual reconciliation and aggregation.

Need another reason to choose the solution? You'll gain visibility across business entities to drive decisions and comply with regulatory requirements.

Summary

Companies with multiple business units or subsidiaries that run the SAP® Business One application need intercompany integration capabilities. Only then can they reconcile and consolidate financial data across business entities, streamline intercompany activities such as purchasing, and gain visibility into inventory across business units. The inter-company integration solution for SAP Business One supports these scenarios.

Objectives

- Reduce the time and effort associated with intercompany transactions and aggregation
- Eliminate costly errors resulting from man-ual reconciliation and aggregation

Solution

- Master data replication and content sharing
- Support for standardized, transparent processes across business entities
- Financial and operational visibility across business entities
- Control and collaboration across business entities

Benefits

- Consolidate, coordinate, and view activities across all business units running SAP Business One without manually intensive reconciliation or duplicate data entry
- Minimize errors
- Increase employee productivity

Learn more

Visit us at www.sap.com/businessone.

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